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Testimony on Senate Bill 501
Public Health and Welfare Committee
Sarah Fertig, *Medicaid Director*
Kansas Department of Health and Environment
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Chairman Hilderbrand and Members of the Committee:

The Kansas Department of Health and Environment Division of Health Care Finance (KDHE-DHCF) appreciates the opportunity to present testimony on Senate Bill 501. The bill would create new requirements for the Medicaid program related to presumptive eligibility, penalty periods, and data sharing and verification.

Our agency is neutral on the bill; however, we have some concerns about the cost and feasibility of certain provisions.

Presumptive eligibility

SB 501 would establish standards for presumptive eligibility (PE) determinations. PE provides an "express lane" for temporary Medicaid eligibility. The goal of the PE program is to provide eligible uninsured individuals with immediate coverage while the full Medicaid application is being processed. PE coverage only lasts through the end of the month following the PE determination if no full KanCare application is received, or until the KanCare Clearinghouse makes a final decision on the application.

Qualified entities may apply to contract with the state to provide PE determinations. Once trained and approved by the state, those entities may conduct PE determinations using a web-based portal approved by the federal Centers for Medicare and Medicaid Services (CMS).

New Section 1 of SB 501 would change current PE operations by limiting PE determinations to children and pregnant women only. If it became law, **the agency would no longer be able to provide presumptive eligibility to (1) low-income parents and caretakers, (2) aged-out foster care children, (3) and low-income women who were screened and diagnosed with breast or cervical cancer through the *Early Detection Works* program. It is not clear why only those populations would be excluded from PE determinations.**

New Section 1 would also create requirements for PE determinations made by hospitals only, but those requirements are already in federal law and our current operations are already consistent with them.

KDHE currently contracts with 43 entities to perform PE determinations, and only 21 of those are hospitals. By its terms, SB 501 only applies to hospitals, so it would not affect the other 22 approved PE entities. It is unclear whether the bill is intended to apply to all PE entities.

Penalty periods

Section 2 of SB 501 would require the Medicaid program to apply to CMS for a waiver to allow the state to impose a six-month penalty period for any non-disabled, non-pregnant adult aged 19-64 who fails to report a change in circumstances that affects their eligibility for Medicaid. The bill would also require the agency to resubmit an application every 24 months if the earlier application is denied by CMS.

The only Medicaid populations that would be affected by this policy change, if approved by CMS, are low-income parents and caretakers. It is unclear whether any other populations are meant to the affected.

If SB 501 became law and CMS approved such a waiver, the agency would expect to see an increase in administrative workload to handle an increase in "churn" caused by Medicaid beneficiaries occasionally being terminated and barred from reapplying for six months for violating this provision. Depending on the increase in workload, the agency may need to hire additional eligibility staff. However, the agency questions whether the current CMS administration would approve such a waiver.

Data sharing and verification

SB 501 would prohibit the agency from relying on Medicaid eligibility determinations made by an Affordable Care Act exchange. This requirement would not change actual agency operations.

SB 501 would also require KDHE to establish data exchanges with the Department of Administration, the Office of Vital Statistics, the Department of Labor, the Department for Children and Families, the Department of Revenue, and the Department of Corrections. KDHE-DHCF already performs some of the data verification processes that SB 501 would require. Creating the new data feeds and programming the state's Medicaid eligibility and fiscal systems to process that data is estimated to cost approximately **$2,000,000** all funds, including approximately **$500,000** SGF. Those costs would be eligible for a 75/25 federal match.

SB 501 would require the agency to publicly post certain data related to fraud investigations. Currently, the agency refers possible fraud cases to the Attorney General's Office for investigation and assists with those investigations as requested. It is unclear whether SB 501 is intended to require the agency to hire fraud investigators. If so, there would be a cost associated with hiring those personnel.

Thank you for the opportunity to present testimony today.

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